

**Introduced by Senator Liu**

February 26, 2015

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An act to add Section 10235.36 to the Insurance Code, relating to insurance.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 575, as introduced, Liu. Long-term care insurance.

Existing law provides for the regulation of long-term care insurance by the Insurance Commissioner. Under existing law, the commissioner may require the administration by an insurer of the contingent benefit upon lapse as a condition of approval or acknowledgment of a rate adjustment for a block of business for which the contingent benefit upon lapse is not otherwise available. Under existing law, the insurer must notify policyholders and certificate holders of the contingent benefit upon lapse when required by the commissioner, as specified.

This bill, when a policyholder or certificate holder elects the contingent benefit upon lapse, would require the insurer to annually notify the policyholder or certificate holder and, if elected, at least one individual designated by the policyholder or certificate holder of the availability of the contingent benefit, the dollar amount of the contingent benefit, and the name, address, and telephone number of the insurer for questions about the contingent benefit. The bill would also require the insurer, within 90 days of receipt of notice that a policyholder or certificate holder elected the contingent benefit upon lapse, to mail and receive from each policyholder or certificate holder a form that allows the policyholder or certificate holder to submit one of the following: (1) a written designation of the name, address, and telephone number of at least one person, in addition to the policyholder or certificate holder who is to receive the annual notice described above, or (2) a waiver

signed and dated by the policyholder or certificate holder electing not to designate additional persons to receive notice.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10235.36 is added to the Insurance Code,  
2 to read:

3 10235.36. (a) In the event a policyholder or certificate holder  
4 elects the contingent benefit upon lapse as described in Section  
5 10235.35, the insurer shall annually notify the policyholder or  
6 certificate holder and, if elected, at least one individual designated  
7 by the policyholder or certificate holder pursuant to paragraph (1)  
8 of subdivision (b) by first-class United States mail, postage prepaid,  
9 of all of the following:

10 (1) The availability of the contingent benefit held by the  
11 policyholder or certificate holder.

12 (2) The dollar amount of the contingent benefit.

13 (3) The name, address, and telephone number of the insurer for  
14 questions about the contingent benefit.

15 (b) Within 90 days of receipt of notice that a policyholder or  
16 certificate holder elects the contingent benefit upon lapse as  
17 described in Section 10235.35, the insurer shall mail and receive  
18 from each policyholder or certificate holder a form that allows the  
19 policyholder or certificate holder to submit one of the following:

20 (1) A written designation listing the name, address, and  
21 telephone number of at least one individual, in addition to the  
22 policyholder or certificate holder, who is to receive annual notice  
23 as described in subdivision (a).

24 (2) A waiver signed and dated by the policyholder or certificate  
25 holder electing not to designate additional persons to receive notice.  
26 The required waiver shall read as follows:

27  
28 “I understand that I have the right to designate at least one person  
29 other than myself to receive annual notification related to the  
30 contingent benefit retained under this long-term care insurance  
31 policy. I elect not to designate any person other than myself to  
32 receive the notice.

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- 1      Signature of Policyholder or Certificate Holder      Date”
- 2      (c) The insurer shall notify the policyholder or certificate holder
- 3      at least once every two years of the right to change the election
- 4      described in subdivision (b).